

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY APRIL 6, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2222

Introduced by Assembly Member Holden
(Coauthor: Assembly Member Gonzalez)

February 18, 2016

An act to amend Section 39719 of the Health and Safety Code, and to add Part 4 (commencing with Section 75240) to Division 44 of the Public Resources Code, relating to greenhouse gases, and making an appropriation therefor. *gases.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2222, as amended, Holden. Greenhouse Gas Reduction Fund: Transit Pass Program.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

~~This bill would continuously appropriate \$50,000,000 annually from the Greenhouse Gas Reduction Fund for establish the Transit Pass Program, Program to be administered by the Department of Transportation. The bill would require that funding be allocated by the Controller, as specified, upon a determination by the department, that transit pass programs of public agencies to provide free or reduced-fare transit passes to public school students and community college, California State University, and University of California meet certain requirements. Transportation with moneys from the Greenhouse Gas Reduction Fund, upon appropriation, to support transit pass programs that provide free or reduced-fare transit passes to specified pupils and students. The bill would require the Department of Transportation department, in coordination with the State Air Resources Board, state board, to develop guidelines that describe the criteria that eligible transit providers shall are required to use to make available free or reduced-fare transit passes to eligible participants and the methodologies that eligible participants would use to demonstrate that the proposed expenditures will reduce greenhouse gas emissions. The bill would require that at least 30% of the moneys allocated under the Transit Pass Program benefit disadvantaged communities, as specified. The bill would exempt those guidelines from the Administrative Procedure Act. The bill would require eligible transit providers and eligible participants to enter into agreements for the distribution of free or reduced-fare transit passes to students.~~

This bill would require that the guidelines ensure that ~~funds moneys~~ from the program are used to expand eligibility or further reduce the cost of a transit pass under existing programs. The bill would require the department to develop performance measures and reporting requirements to evaluate the effectiveness of the program, including an annual update of the number of free or reduced-fare transit passes distributed to *pupils and* students and whether the program is increasing transit ridership among *pupils and* students. The bill would set a minimum allocation of \$20,000 for each eligible transit provider and would provide for the distribution and allocation of remaining Transit Pass Program ~~funds moneys~~ by formula to eligible transit providers.

The bill would require, for purposes of determining an eligible transit provider's eligibility for ~~funds moneys~~ distributed to a transportation planning agency from the Public Transportation Account, that free or discounted transit fare passes be calculated at their full retail value. The bill would authorize the use of ~~funds moneys~~ from the Affordable

Housing and Sustainable Communities Program, the Low Carbon Transit Operations Program, and other low carbon transportation programs to augment a free or reduced-fare transit pass program, as specified. ~~By continuously appropriating moneys from the Greenhouse Gas Reduction Fund for the Transit Pass Program, the bill would make an appropriation.~~

Vote: majority. Appropriation: ~~yes~~*no*. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California landmark laws and regulations for reducing
- 4 greenhouse gases address one of the most important issues of our
- 5 time, and dramatically increasing the use of public transportation
- 6 is a vital component in reducing greenhouse gas emissions by 80
- 7 percent by the year 2050.
- 8 (b) Student transit pass programs have been shown to increase
- 9 overall transit ridership and fill empty seats on trains and buses,
- 10 resulting in reduced costs per rider and improved service because
- 11 of higher demand.
- 12 (c) Targeting student transit passes to *low-income* middle school,
- 13 high school, college, and university students can promote the
- 14 development of lifelong transit riders and further bolster the
- 15 capacity and reliability of our transit systems.
- 16 (d) Student transit pass programs in this state and across the
- 17 country have resulted in significant increases in transit ridership
- 18 and have made it easier and cheaper for students to get to schools
- 19 and to jobs.
- 20 (e) Student transit pass programs can help the state reduce
- 21 greenhouse gas emissions, vehicle miles traveled, petroleum use,
- 22 and ~~air pollution~~, *pollution* and improve overall community health.
- 23 (f) Student transit passes lower pollution around elementary
- 24 schools, thereby improving student health.
- 25 (g) Schools are often the major generators of traffic in cities,
- 26 and student transit pass programs can help reduce the traffic and
- 27 parking problems in neighborhoods around schools.
- 28 (h) Student transit pass programs can reduce the need for
- 29 colleges to use campus land for expensive parking structures when
- 30 this land and money could be better used for educational purposes.

1 (i) Student transit pass programs have decreased the need to
2 drive to and from school, along with the costs associated with
3 driving to and from school, thereby reducing the overall cost of
4 school attendance and reducing parental burdens for working
5 families.

6 (j) A University of California, Los Angeles, study of 35 college
7 and university student transit pass programs across the United
8 States in 2001 showed ridership increases of 71 to 200 percent
9 after the implementation of these programs.

10 ~~SEC. 2. Section 39719 of the Health and Safety Code is~~
11 ~~amended to read:~~

12 ~~39719. (a) The Legislature shall appropriate the annual~~
13 ~~proceeds of the fund for the purpose of reducing greenhouse gas~~
14 ~~emissions in this state in accordance with the requirements of~~
15 ~~Section 39712.~~

16 ~~(b) To carry out a portion of the requirements of subdivision~~
17 ~~(a), annual proceeds are continuously appropriated for the~~
18 ~~following:~~

19 ~~(1) Beginning in the 2015–16 fiscal year, and notwithstanding~~
20 ~~Section 13340 of the Government Code, 35 percent of annual~~
21 ~~proceeds are continuously appropriated, without regard to fiscal~~
22 ~~years, for transit, affordable housing, and sustainable communities~~
23 ~~programs as follows:~~

24 ~~(A) Ten percent of the annual proceeds of the fund is hereby~~
25 ~~continuously appropriated to the Transportation Agency for the~~
26 ~~Transit and Intercity Rail Capital Program created by Part 2~~
27 ~~(commencing with Section 75220) of Division 44 of the Public~~
28 ~~Resources Code.~~

29 ~~(B) Five percent of the annual proceeds of the fund is hereby~~
30 ~~continuously appropriated to the Low Carbon Transit Operations~~
31 ~~Program created by Part 3 (commencing with Section 75230) of~~
32 ~~Division 44 of the Public Resources Code. Funds shall be allocated~~
33 ~~by the Controller, according to requirements of the program, and~~
34 ~~pursuant to the distribution formula in subdivision (b) or (c) of~~
35 ~~Section 99312 of, and Sections 99313 and 99314 of, the Public~~
36 ~~Utilities Code.~~

37 ~~(C) Twenty percent of the annual proceeds of the fund is hereby~~
38 ~~continuously appropriated to the Strategic Growth Council for the~~
39 ~~Affordable Housing and Sustainable Communities Program created~~
40 ~~by Part 1 (commencing with Section 75200) of Division 44 of the~~

Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds, shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015-16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

- (A) Acquisition and construction costs of the project.
- (B) Environmental review and design costs of the project.
- (C) Other capital costs of the project.
- (D) Repayment of any loans made to the authority to fund the project.

(3) (A) Beginning in the 2016-17 fiscal year, fifty million dollars (\$50,000,000) annually from the proceeds of the fund is hereby continuously appropriated to the Transit Pass Program created pursuant to Part 4 (commencing with Section 75240) of Division 44 of the Public Resources Code.

(B) Funds shall be allocated to eligible transit providers in accordance with the requirements of the Transit Pass Program and the allocation method described in Section 75245 of the Public Resources Code.

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

SEC. 3.

SEC. 2. Part 4 (commencing with Section 75240) is added to Division 44 of the Public Resources Code, to read:

PART 4. TRANSIT PASS PROGRAM

75240. The Transit Pass Program is hereby created, to be administered by the Department of Transportation. Moneys made available for the ~~program~~ *program, upon appropriation by the Legislature from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code*, shall be allocated by the ~~Controller, as provided in Section 75242,~~

1 *Controller to support transit pass programs that provide free or*
2 *reduced-fare transit passes to public school students and community*
3 *college, California State University, and University of California*
4 *students; any of the following:*

5 *(a) Pupils attending public middle schools or high schools that*
6 *are eligible for funding under Title I of the federal No Child Left*
7 *Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).*

8 *(b) Students attending a California community college who*
9 *qualify for a waiver of student fees pursuant to subdivision (g) of*
10 *Section 76300 of the Education Code.*

11 *(c) A student who attends a campus of the California State*
12 *University or the University of California and who receives an*
13 *award under the Cal Grant Program established in Chapter 1.7*
14 *(commencing with Section 69430) of Part 42 of Division 5 of Title*
15 *3 of the Education Code, the federal Pell Grant Program*
16 *established under Title IV of the federal Higher Education Act of*
17 *1965 (20 U.S.C. Sec. 1070 et seq.), or both.*

18 75241. As used in this part, the following terms are defined as
19 follows:

20 (a) “Department” means the Department of Transportation.

21 (b) “Eligible participant” means a public agency, including, but
22 not limited to, a transit operator, school district, community college
23 district, the California State University, or the University of
24 California.

25 (c) “Eligible transit provider” means a transportation agency,
26 transportation planning agency, or county transportation
27 commission that is eligible to receive funds moneys from a state
28 transit assistance fund pursuant to the distribution formula in
29 subdivision (b) or (c) of Section 99312 of, of and Sections 99313
30 and 99314 of, of the Public Utilities Code.

31 (d) “Program” means the Transit Pass Program established
32 pursuant to this part.

33 ~~75242. (a) Funding for the program is continuously~~
34 ~~appropriated pursuant to Section 39719 of the Health and Safety~~
35 ~~Code from the Greenhouse Gas Reduction Fund established~~
36 ~~pursuant to Section 16428.8 of the Government Code.~~

37 ~~(b)~~

38 75242. (a) Moneys shall be allocated by the Controller
39 consistent with the requirements of this part and with Section
40 39712 of the Health and Safety Code, upon a determination by the

1 department that the expenditures proposed by an eligible transit
2 provider meet the requirements of this part and the guidelines
3 developed pursuant to subdivision ~~(d)~~; (c), and the amount of
4 funding requested that is currently available.

5 ~~(e)~~

6 (b) (1) Moneys allocated for the program shall be expended to
7 provide low- or no-cost public transit passes to ~~students~~ *students*,
8 *as specified in Section 75240*, through programs that support new
9 or existing transit pass programs.

10 (2) An eligible transit provider may consider granting priority
11 to an application from an eligible participant with an existing,
12 successful transit pass program, provided that the eligible
13 participant can demonstrate that the additional ~~funds~~ *moneys* will
14 further reduce the cost of the transit pass or expand program
15 eligibility.

16 ~~(d)~~

17 (c) The department, in coordination with the State Air Resources
18 Board, shall develop guidelines that describe the criteria that
19 eligible transit providers shall use to make available free or
20 reduced-fare transit passes to eligible participants and the
21 methodologies that eligible participants shall use to demonstrate
22 that the proposed expenditures will reduce greenhouse gas
23 emissions. The Administrative Procedure Act (Chapter 3.5
24 (commencing with Section 11340) of Part 1 of Division 3 of Title
25 2 of the Government Code) shall not apply to the development of
26 *the* guidelines for the program *established* pursuant to this part.

27 (1) The guidelines shall ensure that ~~funds~~ *moneys* from the
28 program are used to expand eligibility or further reduce the cost
29 of a transit pass under existing programs.

30 (2) The department shall develop performance measures and
31 reporting requirements to evaluate the effectiveness of the program,
32 including an annual update of the number of free or reduced-fare
33 transit passes distributed to students and whether the program is
34 increasing transit ridership among students.

35 ~~(e)~~

36 (d) Eligible transit providers and eligible participants shall enter
37 into agreements pursuant to the guidelines developed pursuant to
38 subdivision ~~(d)~~ (c) to ensure that free or reduced-fare transit passes
39 are distributed to students.

1 (e) *Moneys from the Affordable Housing and Sustainable*
2 *Communities Program (Part 1 (commencing with Section 75200)),*
3 *the Low Carbon Transit Operations Program (Part 3 (commencing*
4 *with Section 75230)), and other low carbon transportation*
5 *programs may be used to augment a free or reduced-fare transit*
6 *pass program. Those moneys shall remain subject to the*
7 *requirements to benefit disadvantaged communities consistent*
8 *with the guidance provided by the State Air Resources Board*
9 *pursuant to Section 39715 of the Health and Safety Code.*

10 ~~75243. (a) At least 33 percent of the moneys allocated pursuant~~
11 ~~to the program shall benefit disadvantaged communities consistent~~
12 ~~with the guidance provided by the State Air Resources Board~~
13 ~~pursuant to Section 39715 of the Health and Safety Code.~~

14 ~~(b) Moneys from the Affordable Housing and Sustainable~~
15 ~~Communities Program, the Low Carbon Transit Operations~~
16 ~~Program, and other low carbon transportation programs may be~~
17 ~~used to augment a free or reduced-fare transit pass program and~~
18 ~~remain subject to the requirements to benefit disadvantaged~~
19 ~~communities consistent with the guidance provided by the State~~
20 ~~Air Resources Board pursuant to Section 39715 of the Health and~~
21 ~~Safety Code.~~

22 75244. For the purposes of determining an eligible transit
23 provider's eligibility for ~~funds~~ *moneys* distributed to a
24 transportation planning agency pursuant to the distribution formula
25 in subdivisions (b) and (c) of Section 99312 ~~of, of~~ and Sections
26 99313 and 99314 ~~of, of~~ the Public Utilities Code, free or
27 reduced-fare transit passes made available pursuant to the program
28 shall be calculated at their full retail value.

29 75245. (a) Each eligible transit provider shall receive twenty
30 thousand dollars (\$20,000) from the program.

31 (b) After the initial twenty-thousand-dollar (\$20,000) amount
32 is allocated, the remaining program ~~funds~~ *moneys* shall be allocated
33 to eligible transit providers pursuant to the distribution formula in
34 subdivisions (b) and (c) of Section 99312 ~~of, of~~ and Sections 99313
35 and 99314 ~~of, of~~ the Public Utilities Code.

36 (c) Any ~~funds~~ *moneys* allocated during a fiscal year not
37 distributed pursuant to subdivisions (a) or (b) shall be added to the

- 1 allocation for the following fiscal year to be distributed pursuant
- 2 to this section.

O